

NEW No.

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LAW OFFICES

ALVORD AND ALVORD

200 WORLD CENTER BUILDING

918 SIXTEENTH STREET, N.W.

WASHINGTON, D. C.

20006-2973

August 18, 1983

OF COUNSEL

JESS LARSON

JOHN L. INGOLDSBY

URBAN A. LESTER

14125

CABLE ADDRESS

"ALVORD"

TELEPHONE

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AUG 18 1983 - 1 25 PM
INTERSTATE COMMERCE COMMISSION 2-230A017

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD
ALBERT H. GREENE
CARL C. DAVIS*
CHARLES T. KAPPLER
JOHN H. DOYLE
MILTON C. GRACE*
GEORGE JOHN KETO**
RICHARD N. BAGENSTOS

* NOT A MEMBER OF D. C. BAR
** ALSO A MEMBER OF OHIO BAR

Ms. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, D.C.

REGISTRATION NO. 14125

AUG 18 1983 - 1 25 PM

INTERSTATE COMMERCE COMMISSION

No.

Date

Fee \$ 100.00

ICC Washington, D. C.

Dear Ms. Mergenovich

Enclosed for recordation pursuant to the provisions of 49 U.S.C. §11303 and the Rules for the Recordation of Documents (as revised) are four (4) fully executed copies each of 1) a Flatcar Purchase Agreement dated as of August 1, 1983 and 2) a Security Agreement dated as of August 1, 1983, both of which are primary documents under the Rules for the Recordation of Documents (as revised).

A general description of the railroad equipment covered by the enclosed documents is one hundred (100) TOFC/COFC Railroad Flatcars to be marked SP-900480 through SP-900579.

The names and addresses of the parties to the enclosed documents are:

Seller/
Secured Party: Wells Fargo Leasing Corporation
101 California Street
Suite 2800
San Francisco, California 94111

Purchaser/
Debtor: James-Furman & Company
503 High Street
P.O. Box 568
Oregon City, Oregon 97045

The undersigned is agent for the Seller/Secured Party named above for the purpose of submitting the enclosed documents for filing and recordation

C. T. Kowler
Charles Furman

Ms. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
August 18, 1983
Page Two

Kindly return the stamped copies of the enclosed documents not needed for your recordation files to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006

Also enclosed is a check in the amount of \$100 payable to the order of the Interstate Commerce Commission covering the required recordation fees.

Very truly yours,


Charles T. Kappler

14125 - A
RECORDATION NO. Filed 1425

AUG 18 1983 - 1 25 PM
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Security Agreement") is dated as of August 1, 1983 between JAMES-FURMAN & COMPANY, an Oregon general partnership (the "Debtor"), and WELLS FARGO LEASING CORPORATION, a California corporation (the "Secured Party").

WITNESSETH:

Secured Party and Debtor have entered into a Flatcar Purchase Agreement dated as of the date hereof providing for the issuance by Debtor of certain recourse secured grid notes in an approximate face value of Two Million Six Hundred Thousand Dollars (\$2,600,000), plus accrued interest, in aggregate principal amount under that certain Flatcar Purchase Agreement between Debtor and Secured Party.

In consideration of the mutual covenants contained herein, Secured Party and Debtor agree as follows:

1. Certain Definitions. The following terms shall have the following respective meanings:

(a) Collateral. Collateral shall have the meaning assigned in Section 2 hereof.

(b) Equipment Collateral. Equipment Collateral shall have the meaning assigned in Section 2.1 hereof.

(c) Other Collateral. Other Collateral shall have the meaning assigned in Section 2.2 hereof.

(d) Equipment. Collectively, the equipment accepted for purchase by Debtor under the Flatcar Purchase Agreement pursuant to the Acceptance Certificates thereto, and individually an Item of Equipment.

(e) Event of Default. Those events set forth in Section 6.1 hereof.

(f) Flatcar Purchase Agreement. The Flatcar Purchase Agreement dated as of August 1, 1983 between the Secured Party and Debtor.

(g) Lease. One or more leases, subleases or use agreements entered into between Debtor, or an affiliate of Debtor, as lessor, and a lessee, sublessee or other user of the Equipment.

(h) Lessee. One or more lessees, sublessees or users of the Equipment.

(i) Note or Notes. Debtor's First, Second and Third Recourse Secured Notes to be issued under the Purchase Agreement.

(j) Secured Obligations. The payment of the principal of and interest on the Notes according to their tenor and effect, and the payment of all additional amounts and other sums at any time due and owing under the Notes, this Security Agreement or the Purchase Agreement, and the performance and observance of all covenants and conditions contained herein and therein.

Terms not expressly defined herein shall have the respective meanings assigned thereto in the Purchase Agreement or the Lease.

2. Grant of Security Interest. In consideration of the purchase of the Notes by Secured Party and other good and valuable consideration, receipt of which is hereby acknowledged, and to secure the payment and performance of the Secured Obligations, Debtor hereby assigns to Secured Party, its successors and assigns, the Other Collateral described in Section 2.2 below and grants to Secured Party, its successors and assigns, a security interest in the Equipment Collateral and the Other Collateral described in Sections 2.1 and 2.2 below (such Equipment Collateral and Other Collateral herein referred to as the "Collateral"), subject always to the rights, powers, privileges and interests of Lessee under the Lease.

2.1 Equipment Collateral. All Equipment consisting of various items of personal property, equipment or other property sold or to be sold by the Secured Party to the Debtor pursuant to the Purchase Agreement, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and all Car Modification Work, alterations, additions and improvements, if any, to such Equipment, which shall become the property of Debtor, together with in each and every case all proceeds thereof.

2.2 Other Collateral. All proceeds earned or derived as additional interest rental sharing proceeds (as defined in Section 2(c) of the Purchase Agreement), casualty and insurance proceeds realized with respect to the Equipment under Section 9 of the Purchase Agreement, indemnity proceeds (Section 10(b) of the Purchase Agreement) and sales proceeds for the Cars (Section 15(a) of the Purchase Agreement).

3. Covenants and Warranties of Debtor. Debtor covenants, warrants and agrees as follows:

3.1 Further Assurances. Debtor will, upon written request from Secured Party, at its expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances reasonably necessary or proper for the better assuring, conveying, assigning, confirming and perfecting unto Secured Party its security interest in all of the Collateral, whether now owned or hereafter acquired, and the assignment to Secured Party of the Other Collateral.

3.2 Recordation and Filing. Debtor will, at its expense and after consulting with Secured Party, cause all such agreements, financing and continuation statements and similar notices as are required by applicable law to be kept, recorded and filed, at all times until the Secured Obligations have been fully discharged, in such manner and in such places within the United States as may be required by law or designated by Secured Party, including, but not limited to, the Interstate Commerce Commission and the State of Oregon, in order to preserve and protect the rights of Secured Party hereunder (including, without limitation, the perfection and priority of the security interest of Secured Party herein granted and the assignment to Secured Party of the Other Collateral).

3.3 Actions of Debtor in Respect of the Lease. Debtor:

(a) will perform and observe all covenants and agreements on Debtor's part to be performed and observed under the Lease;

(b) will not mortgage, pledge or hypothecate (other than to Secured Party hereunder) its interest in the Collateral; will not sell, assign or otherwise transfer its interest in the Collateral except as permitted under the Purchase Agreement; will not receive or collect any rents prior to the date for payment thereof provided in the Lease; and will not take, suffer or omit any action for the purpose or with the effect of impairing the security interest granted, or the assignment made, to Secured Party hereunder, or otherwise of adversely affecting the Collateral; and

(c) will pay, or satisfy and discharge, all liens, charges, encumbrances, security interests or claims (other than those caused by any act, omission or fault of the Lessee and other than the security interest created herein) (i) created by, through or under Debtor which, if unpaid, will constitute or become a lien or charge upon the Collateral, or any part thereof, or (ii) which may be levied against or imposed upon any unit of Equipment as a result of the failure of Debtor to perform any of its covenants or agreements hereunder or under the Notes, the Purchase Agreement or the Lease, which, if allowed to remain, would affect or endanger the Lessee's right of quiet enjoyment and use of the Equipment or Secured Party's rights therein or to any of the Other Collateral pursuant to this Security Agreement. Debtor shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the Lessee's right of quiet enjoyment and use of the Equipment or Secured Party's rights therein or to any of the Other Collateral pursuant to this Security Agreement.

3.4 Advances by Secured Party. If Debtor shall fail to perform any of Debtor's covenants contained in this Section

3, under the Purchase Agreement or in the Lease, or the Lessee shall fail to perform any of the covenants and agreements contained in the Lease, Secured Party may make advances to perform and observe the same in its behalf (giving notice thereof to Debtor and the Lessee prior to or concurrently with the making of any such advance), but shall be under no obligation so to do; and all sums so advanced shall be forthwith repaid by Debtor, and shall bear interest (to the extent lawful) at the rate of 18% per annum until paid, and any such sums advanced shall constitute part of the Secured Obligations; but no such advance shall be deemed to relieve Debtor from any default hereunder, or Lessee from any default under the Lease.

4. Use and Release of Collateral.

4.1 Possession of Equipment. So long as no Event of Default shall have occurred and be continuing hereunder, Debtor shall be permitted to remain in full possession, enjoyment and control of the Equipment and each unit thereof and to manage, operate and use the same with the rights and franchises appertaining thereto; provided always that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of the Purchase Agreement and this Security Agreement. It is expressly agreed that the use and possession of the Equipment by Lessee under and in accordance with the Lease and the performance by Debtor of its obligations under the Lease, shall not constitute a violation of this Section 4.1.

4.2 Release. So long as no Event of Default, or an event which, with the passage of time or the giving of notice, or both, would become an Event of Default hereunder, has occurred and is continuing, Secured Party shall execute a release of the Equipment Collateral and Other Collateral and reassign the Other Collateral solely in respect of any Item of Equipment suffering an Event of Loss upon (a) receipt of written notice from Debtor designating the Items of Equipment in respect of which the Lease will terminate, and (b) receipt by Secured Party of proceeds to which Secured Party is entitled under Section 5.1 hereof as settlement by the Lessee for such Equipment. Secured Party shall, upon the request of Debtor and at Debtor's expense, execute and deliver all additional documents and instruments to discharge and cancel all of Secured Party's interests in any Item of Equipment in respect of which Secured Party is required to execute a release under this Section 4.2, including, without limitation, all documents and instruments required to be recorded with the Interstate Commerce Commission or under the Uniform Commercial Code in effect in any jurisdiction to release any such Item of Equipment from any financing statements theretofore filed in such jurisdiction pursuant to this Security Agreement. In the absence of an Event of Loss under the Lease, an Event of Default hereunder or as expressly permitted under the Purchase Agreement, the Secured Party and the Debtor agree that the Debtor shall not prepay the Notes in whole or in part.

5. Application of Monies.

5.1 Application of Insurance Proceeds. In the event the Secured Party shall receive any proceeds of insurance maintained by the Debtor or the Lessee in respect of the Equipment, the same shall be held by the Secured Party as part of the Collateral and shall be applied by the Secured Party from time to time to any one or more of the following purposes.

(a) If no Event of Default (as defined in the Lease) has occurred and is continuing, the proceeds of such insurance shall, upon the written request of the Debtor therefor, be released to the Debtor to reimburse the Lessee for expenditures made for the repair or restoration of the Item or Items for which such proceeds were received upon receipt by the Secured Party of a certificate of an authorized officer of the Lessee showing in reasonable detail the purpose and the cost of such repair or restoration and stating that such repair or restoration has been completed and paid for and stating that there is no Event of Default under the Lease.

(b) If the insurance proceeds shall not have been released to the Debtor pursuant to the preceding paragraph (a) within 6 months from the receipt thereof by the Secured Party, or if within such period the Lessee shall have notified the Secured Party in writing that the Lessee is not required to repair or restore the Item or Items for which such proceeds were received, then so long as no Event of Default under the Lease has occurred and is continuing, the insurance proceeds shall be applied by the Secured Party in the manner provided in Section 9 of the Purchase Agreement.

5.2 Application in Event of Default. If an Event of Default shall have occurred and be continuing, all of the foregoing amounts shall be applied pursuant to Section 6.3 hereof until such Event of Default shall have been cured or waived in accordance with the terms hereof and Secured Party has been reimbursed in full for all reasonable expenses incurred in exercising its rights pursuant to Section 6.2 hereof.

6. Defaults and Related Provisions.

6.1 Event of Default. Any of the following events or conditions shall constitute an Event of Default hereunder:

(a) Debtor shall fail to pay, when due, any part of the principal of, or interest on, any of the three Notes, and such failure to pay shall have continued for 10 days; or

(b) Default in the due observance or performance by Debtor of any covenant, condition or agreement to be observed or performed by Debtor under this Security Agreement, the Lease, or the Purchase Agreement; or

(c) Any representation or warranty made by Debtor herein, in the Lease, or in the Purchase Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Lease or the Purchase Agreement shall prove to be false or misleading in any material respect.

6.2 Secured Party's Rights. Debtor agrees that when an Event of Default has occurred and is continuing, Secured Party shall have the rights, options, duties and remedies of a secured party and Debtor shall have the rights and duties of a debtor under the Uniform Commercial Code in effect in each jurisdiction where the Collateral or any part thereof is located and, without limiting the foregoing, Secured Party may exercise one or more or all, and in any order, of the remedies hereinafter set forth:

(a) Secured Party may, by notice in writing to Debtor, declare the entire unpaid principal balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued and unpaid interest thereon, shall be immediately due and payable.

(b) Subject to the then existing rights, if any, of Lessee under the Lease, Secured Party personally, or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral or any portion thereof and for that purpose may pursue the same wherever it may be found and may enter any of the premises of Debtor and Lessee (to the extent not prohibited by the Lease), with or without notice, demand, process of law or legal procedure, and search for, take possession of, remove, keep and store the same, or use and operate, or lease the same until sold and may otherwise exercise any and all of the rights and powers of Debtor in respect thereof.

(c) Secured Party may collect and receive any and all rents, revenues and other cash and non-cash proceeds from the Collateral.

(d) Subject to the then existing rights, if any, of Lessee under the Lease, Secured Party may, if at the time such action may be lawful (and always subject to compliance with any mandatory legal requirements), either with or without taking possession, either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to Debtor once at least ten (10) calendar days prior to the date of such sale, and any other notice which may be required by law, if said notice is sufficient, sell and dispose of the Collateral or any part thereof at public auction(s) to the highest bidder, or at a private sale(s), in one lot as an entirety or in several lots, and either for cash or for credit and on such terms as Secured Party may determine, and at any place (whether or not it is the location of the Collateral or any part thereof) designated

in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales without further notice, and Secured Party or the holder or holders of the Notes, or any interest therein, may bid and become the purchaser at any such sale.

(e) Secured Party may proceed to protect and enforce this Security Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained, or execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral, or any part thereof, or for the enforcement of any proper legal or equitable remedy available under applicable law.

(f) Secured party may initiate legal, equitable or injunctive proceedings to seize, foreclose upon, collect or otherwise gain legal possession of, and take to, any real or personal property assets of the general partners of the Debtor, wheresoever situated and whether or not related to the Equipment or the Purchase Agreement. In any such proceedings, Secured Party shall be entitled to recover all costs, expenses and legal fees upon judgment, settlement or discontinuance of the proceedings.

6.3 Application of Proceeds. If an Event of Default shall occur and be continuing and the Secured party shall exercise any of the powers conferred upon it by Sections 6.1 and 6.2 hereof, all payments made by Debtor to Secured Party hereunder after such Event of Default, and the proceeds of any judgment collected hereunder from the Debtor by the Secured Party, and the proceeds of every sale by the Secured party of any of the Collateral, together with any other sums which may then be held by the Secured Party under any of the provisions hereof, shall be applied by the Secured Party to the payment in the following order of priority:

(a) First, to the payment of the costs or expenses of foreclosure or suit, if any, and of such sale, and of all costs, expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder, or in connection herewith or with the collection of the Notes, by Secured Party, or by the holder or holders of the Notes, and to the payment of all taxes, assessments, liens or security interests superior to the lien of these presents, except any taxes, assessments or other superior liens or security interests subject to which said sale may have been made;

(b) Second, to the payment or discharge of any unpaid Secured Obligations other than those specified in (c) below; and

(c) Third, to the payment to the holder or holders of the Notes an amount equal to the unpaid principal thereof and the accrued and unpaid interest thereon; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes outstanding, then ratably according to the aggregate of such unpaid principal and accrued and unpaid interest, with application on each Note outstanding to be made, first, to the accrued and unpaid interest thereon, and second, to the unpaid principal thereof; and

(d) Fourth, unless as otherwise provided in the Purchase Agreement to the payment of the balance remaining, if any, to Debtor.

6.4 Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes outstanding, if not previously due, the interest accrued thereon and all other sums required to be paid by Debtor pursuant to this Security Agreement shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use any Note or Notes outstanding and any claims for interest accrued and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to said Note or Notes outstanding (including unpaid principal thereof and accrued and unpaid interest thereon) out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

6.5 Waiver by Debtor. To the full extent permitted by law, Debtor hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Collateral, or any portion thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of Debtor's rights, powers, privileges and remedies in or under this Security Agreement or the Lease and any and all rights of redemption.

6.6 Discontinuance of Remedies. In case Secured Party shall have proceeded to enforce any right or power under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case Debtor, Secured Party and the holders of the Notes shall be restored to their former positions, rights and powers hereunder with respect to the Collateral.

6.7 Exercise of Rights. No delay or omission of Secured Party or the holder of any Note to exercise any right or power arising from any default shall exhaust or impair any such right

or power or prevent its exercise during the continuance of such default. No waiver by Secured Party or the holder of any Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided therein. The giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the Secured Obligations shall not operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, and neither Secured Party nor the holder of any of the Notes shall be required to look first to enforce or exhaust such other additional security, collateral or guaranties. All rights, remedies and options of Secured Party hereunder or by law shall be cumulative.

6.8 Payment of Notes Prior to Sale. If Secured Party proceeds to avail itself of any of the remedies set forth in Section 6.2 hereof, then any Event of Default hereunder shall be deemed cured and not continuing if, prior to any sale by Secured Party of the Collateral pursuant to Section 6.2 hereof, Debtor shall pay or cause to be paid to the holders of the Notes the entire unpaid principal balance of the Notes, together with all accrued and unpaid interest thereon and a prepayment premium equal to three percent (3%) of the entire outstanding balance of the Notes, and shall pay or cause to be paid to Secured Party its reasonable expenses incurred in exercising its rights pursuant to Section 6.2 hereof and any other unpaid Secured Obligations due and owing.

7. Recourse Notes. The Debtor hereby agrees to assume full recourse liability for all principal, interest, prepayment premiums, if any, and any other amounts due to the Secured Party under the Notes and under the Purchase Agreement and this Agreement. Nothing contained herein shall limit the liability of Debtor nor derogate from the right of the Secured Party to enforce, as provided in the Purchase Agreement and this Security Agreement, its security interest in the Collateral for the unpaid principal of, interest on and the prepayment premium on the Notes and all other amounts payable to the Secured Party hereunder and under the Notes, including without limitation, the right to accelerate the maturity of payments on the Notes as provided herein upon an event of default hereunder, to proceed against the Lessee under the Lease for any rental payments due thereunder and any other sums due or to become due under the Lease, and to realize upon the Equipment and to enforce its rights and remedies as provided herein against the Collateral and the Debtor. Notwithstanding anything to the contrary contained in the Purchase Agreement, this Security Agreement or the Notes, the obligation of Debtor to pay the principal of and interest on the Notes and all other amounts payable to the Secured Party hereunder shall be fully enforceable (by appropriate proceedings against the Debtor in law or in equity or otherwise) against the Debtor's right, title and interest in the Equipment, its interest in the Lease and all rental and other payments due under the Lease,

and any and all other corporate or personal assets of the general partners of the Debtor, wheresoever situated and whether or not related to the Lease or the Equipment.

8. Miscellaneous.

8.1 Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such parties, and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of Debtor or Secured Party shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

8.2 Partial Invalidity. The unenforceability or invalidity of any provision(s) of this Security Agreement shall not render any other provision(s) herein contained unenforceable or invalid; provided that nothing contained in this Section 8.2 shall be construed to be in derogation of any rights or immunities of Debtor under Section 7 or to amend or modify any limitations or restrictions of Secured Party or the holder of any Note under Section 7.

8.3 Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when addressed and delivered personally or when deposited in the United States mail, registered or certified, postage prepaid, and addressed as follows:

If to Debtor:

James-Furman & Company
503 High Street
P.O. Box 568
Oregon City, Oregon 97045
Attention: General Counsel

If to Secured Party:

Wells Fargo Leasing Corporation
101 California Street, Suite 2800
San Francisco, California 94104
Attention: General Counsel

or as to Debtor or Secured Party at such other address as they may designate by notice duly given in accordance with this Section to the other party.

8.4 Transfer of Debtor's Interest. Debtor shall not assign, convey or otherwise transfer any of its right, title or interest as owner of the Equipment or as lessor under the Lease to any person, unless consented to in advance and in writing by Secured Party.

8.5 Notice of Event of Loss. Debtor shall promptly notify Secured Party upon receipt of notice of an Event of Loss under the Lease or the Purchase Agreement.

8.6 Definition of Terms. Capitalized words or terms used herein but not otherwise defined shall have the meaning(s) assigned to them in the Flatcar Purchase Agreement or the Notes, as appropriate.

8.7 Counterpart; Governing Law. This Security Agreement may be executed, acknowledged, and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement. This Security Agreement and the Notes shall be construed in accordance with and governed by the laws of the State of California.

IN WITNESS WHEREOF, Debtor and Secured Party have caused this Security Agreement to be executed by their officers thereunto duly authorized and their corporate seals hereto affixed as of the day and year first above written.

DEBTOR:

SECURED PARTY:

JAMES-FURMAN & COMPANY

WELLS FARGO LEASING CORPORATION

By WJMA Fur

By Kenneth H. Raul

Its General Partner

Its SVP

By Norris M. Webb

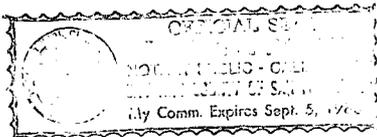
By Edwin H. Clock

Its General Counsel

Its Vice President

STATE OF CALIFORNIA)
) SS:
CITY AND COUNTY OF SAN FRANCISCO)

On this 12th day of August, in the year 1983, before me personally appeared William A. Furman, general partner of James-Furman & Company, proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as general partner and on behalf of the general partnership therein named and acknowledged to me that the general partnership executed it.

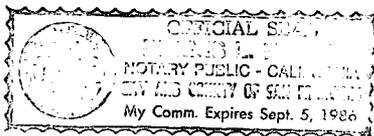


(Notary Seal)

Dennis S. Riedle
Notary Public

STATE OF CALIFORNIA)
) SS:
CITY AND COUNTY OF SAN FRANCISCO)

On this 12th day of August, in the year 1983, before me personally appeared Norriss M. Webb, general counsel, proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as general counsel and on behalf of the general partnership therein named and acknowledged to me that the general partnership executed it.

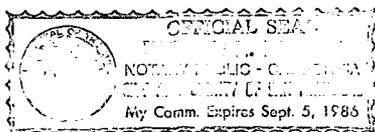


(Notary Seal)

Dennis S. Riedle
Notary Public

STATE OF CALIFORNIA)
) SS:
CITY AND COUNTY OF SAN FRANCISCO)

On this 12th day of August, in the year 1983, before me personally appeared Gene H. Ball, senior vice president of Wells Fargo Leasing Corporation, personally known to me to be the person who executed the within instrument as senior vice president and on behalf of the corporation therein named and acknowledged to me that the corporation executed it.

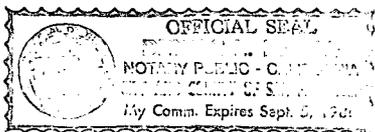


Dennis R. Riedle
Notary Public

(Notary Seal)

STATE OF CALIFORNIA)
) SS:
CITY AND COUNTY OF SAN FRANCISCO)

On this 12th day of August, in the year 1983, before me personally appeared Edwin H. Clock, vice president of Wells Fargo Leasing Corporation, personally known to me to be the person who executed the within instrument as vice president and on behalf of the corporation therein named and acknowledged to me that the corporation executed it.



Dennis R. Riedle
Notary Public

(Notary Seal)